

**ACCFIN SKY TAX COVID-19 PROVISIONAL TAX RELIEF**



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# ACCFIN SKY TAX COVID-19 PROVISIONAL TAX RELIEF

## Contents

INTRODUCTION.....	3
SETUP .....	3
CALCULATION OF PROVISIONAL TAX.....	4
PROVISIONAL TAX COVIDE RELIEF RULES .....	4
SKY TAX PROVISIONAL TAX RELIEF CALCULATION P1.....	5
SKY TAX PROVISIONAL TAX RELIEF CALCULATION P2.....	5
PROVISIONAL TAX RELIEF ON P2 FOR JUNE COMPANIES.....	6
PROVISIONAL TAX IRP6 FACSIMILE FORM.....	6
MANAGING THE PROVISIONAL TAX PAYMENTS.....	6
GENERATING A TOP UP PAYMENT.....	7

## ACCFIN SKY TAX COVID-19 PROVISIONAL TAX RELIEF

### INTRODUCTION

**Please Note: In order for the provisional tax COVID-19 relief to be activated on Sky and TURNOVER must be entered and the COVID-19 tick box ticked on the review page. We will have something similar for individuals when we go live in due course.**

The 2<sup>nd</sup> relief draft document from SARS has been published with additional relief options. It seems that individuals are now included for provisional tax relief under certain conditions.

It is important to understand that as far as provisional tax is concerned taxpayers will calculate the provisional tax in exactly the same way as it has been done in the past using the same laws and provisions. The relief is in the way we make the payments, by SARS giving deferments on the payments depending on when the year end is and when the provisional tax payments fall due. We have been advised that SARS is making no change to their systems as the submission of provisional tax will be exactly the same as it has always been with the same rules, it is just the payment that is deferred.

**The COVID-19 provisional tax relief may be claimed if the TURNOVER of the company does not exceed R100 million and the taxpayer is tax compliant.**

**If a business is operated by a business or trust than as long as its Turnover does not exceed R100 million and passive income is less than 20% the individual can apply passive rules. Individuals provisional tax relief will be introduced in due course.**

Sky Tax will make the necessary payment calculation for companies based on the COVID-19 relief rules if the COVID19 parameters are selected.

### SETUP

In order to set up COVID-19 relief. Select the function wheel on the top of the provisional tax review screen and click on update and then COVID-19.

The screenshot shows the 'P1 REVIEW' screen in the Sky Tax software. A context menu is open over the 'Update' button, with 'CoVid Relief' selected. The 'SARS Information' section is visible, showing fields for 'Year Last Assessed', 'Assessed Income', 'Normal Income', 'Add % Increase', 'Estimated Income', 'Employees Tax', and 'Foreign Tax Credit'. The 'Ledger Information' section is also visible, showing fields for 'Assess Year', 'Normal Income', and 'Add % Increase'.

Code	Description	
AFRXXX	AFRI XXXXXX	
ANGLO	ANGLO AMERICAN (PTY) LTD	
BRO01	BRUYN JOHN HENDRINNA	
BRADLEY	OOSTHUIZEN BRADLEY	
BUFF	BUFFET WARREN EG 15	1138522154
CAR001	CARSTENS JOHANNES EG14	0658871199
CART001	CARTER BLUE IVY EG13	1919732147
DEK01	DE KLERK ANELLITE	1016020156
ELA01	BASIL ERASMUS WELCOME	2376384190
ERU	REDDY ERUSHLYN	1234567897
FAST	FAST PAPER SERVICE (PTY) LTD	9834667157
GAGA	GAGA LADY	0841057839
GATES	GATES WILLIAM	0658871199
GIMP	GIMP (PTY) LTD	9422832155
GOLDA	GOLDSMITH AARON	1344005846
GON01	GONTSANA WENDY PHILILE	1138522154
GUP TAA	GUPTA ATUL	0097087878
HUGE01	HUGE CONSTRUCTION (PTY) LTD	9757575759
KARD003	KARDASHIAN INVESTMENTS (PT	0658871199

SARS Information		
Year Last Assessed		Retrieve
Assessed Income		
Normal Income		
Add % Increase		
Estimated Income		
Employees Tax		
Foreign Tax Credit		

Ledger Information		
Assess Year	2015	09/05/2017
Normal Income		990,000.00
Add % Increase		475,200.00

Activate COVID-19 by clicking on the Activate Covid-19 Relief

## ACCFIN SKY TAX COVID-19 PROVISIONAL TAX RELIEF

**YEAR SELECTION** Year Selection

Tax Year 2021 Year end Month February Reply Date 26/08/2020 ...  
Due Date 31/08/2020 ... Assess Cutoff 16/08/2020 ...

**P1 REVIEW** P1 Review Documents

**Particulars of Taxpayer**

Client: ANGLORANGLO AMERICAN (PTY) LTD  
Id/Reg No 454554555 DOB Y/E February Tax Number 9158264847

Company Type Normal Use Figures  Default  Sars Irp6  Ledger  Estimate

**SARS Information**

Year Last Assessed Retrieve

**Update CoVid Relief**

CoVid 19 Relief Measure?  
Activate De-Activate Cancel

**Ledger Information**

Assess Year	2015	09/05/2017
Normal Income		990,000.00
Add % Increase		475,200.00
Estimated Income		1,465,200.00
Employees Tax		.00
Foreign Tax Credit		.00

**Estimated Calculation** 15/04/2020

Turnover	45,000,000.00
Estimated Income	1,465,200.00
Tax on Income	410,256.00
Rebate	.00
Medical Credit	.00
Tax for Full Year	410,256.00
Tax for this period	205,128.00
Employees Tax	.00
Foreign Credits	.00
Tax Liability	205,128.00
Interest	.00
Penalty	.00
Total Due	205,128.00
CoVid Relief - Due	61,538.40

### CALCULATION OF PROVISIONAL TAX

At this point you may run the provisional tax calculation as you would normally do by doing the calculation and the retrieval from SARS, doing all the normal checks and balances to make sure the estimates are correct taking into account the current COVID-19 situation. For more information on this we refer you to our technical briefing on provisional tax which will be found on the link below. After running the calculation and whilst you are doing the review you may implement the relief rules where necessary by adding Turnover and ticking the appropriate tick boxes.

<https://www.acffinsoftware.com/sky-tax-help.html>

### PROVISIONAL TAX COVIDE RELIEF RULES

If P1 is payable between 1 April 2020 and 1 October 2020 the payment relief is 15% of the total tax liability. The 15% will be calculated before the tax liability is halved for P1.

If P2 is payable after 1 April 2020 but before 1 April 2021 the payment relief is 65% of the total tax liability.

This means that if the company is claiming the relief by the time, they make the P2 payment they must have made provisional tax payments that total 65% of provisional tax due for the year.

The balance remaining of 35% owing to SARS is to be payable by the time the P3 or top up payment is due, if not, interest will kick in at the normal SARS rates. It should be borne in mind that if the P3 or top-up payment is made by six months after the year end, seven months after the year end for February companies no interest or penalties will be payable. If the top-up payment is not made on time interest will be payable from that point on at normal SARS's rates.

## ACCFIN SKY TAX COVID-19 PROVISIONAL TAX RELIEF

In the event that the relief is claimed and the taxpayer is not tax compliant then the normal penalties and interest will kick in, it seems that this will only be on assessment, but this remains to be seen.

### SKY TAX PROVISIONAL TAX RELIEF CALCULATION P1

The provisional tax review screen is shown below.

**YEAR SELECTION**  
Year Selection  
Tax Year: 2021, Year end Month: February, Reply Date: 26/08/2020  
Due Date: 31/08/2020, Assess Cutoff: 16/08/2020

**P1 REVIEW**  
P1 Review, Documents

**Particulars of Taxpayer**  
Client: ANGLO|ANGLO AMERICAN (PTY) LTD  
Id/Reg No: 454554555, DOB: , Y/E: February, Tax Number: 9158264847  
Company Type: Normal, Use Figures: Default, Sars Irp6, Ledger, Estimate

**SARS Information**  
Year Last Assessed: , Retrieve  
Assessed Income: , Normal Income: , Add % Increase: , Estimated Income: , Employees Tax: , Foreign Tax Credit:

**Ledger Information**  
Assess Year: 2015, 09/05/2017  
Normal Income: 990,000.00, Add % Increase: 475,200.00, Estimated Income: 1,465,200.00, Employees Tax: .00, Foreign Tax Credit: .00

**Estimated Calculation** 09/04/2020  
Turnover: 45,000,000.00  
Estimated Income: 1,465,200.00  
Tax on Income: 410,256.00  
Rebate: .00, Medical Credit: .00  
Tax for Full Year: 410,256.00  
Tax for this period: 205,128.00  
Employees Tax: .00, Foreign Credits: .00  
Tax Liability: 205,128.00  
Interest: .00, Penalty: .00  
Total Due: 205,128.00  
 CoVid Relief - Due: 61,538.40

Invoice, Motivation, Calc Status, Submit, Response, Upd Status

Once the ledger has been calculated we can put the review screen into edit mode and tick the COVID-19 relief tick box, recalculate to get the right tax due.

In the above screen the amount of R205,128 will be e-filed but only R61,538.40 will be paid which is 15% of the total tax due of R410,256.00. It is understood that SARS will keep the details of the outstanding amounts.

### SKY TAX PROVISIONAL TAX RELIEF CALCULATION P2

The same principle will apply when the P2 provisional tax payment is calculated. The tax submission must be based on the Tax liability calculated.

By the time P2 is paid by the company the P2 payment must ensure that 65% of the total tax liability should be paid and therefore there should only be an amount of 35% that should be outstanding. The shortfall of 35% to be paid by the time that the top-up or P3 is due must be paid to avoid interest, thereafter interest will kick in.

## ACCFIN SKY TAX COVID-19 PROVISIONAL TAX RELIEF

### PROVISIONAL TAX RELIEF ON P2 FOR JUNE COMPANIES

June will be here soon! Provisional tax on P2 for June companies must be calculated as you would normally do. Where a provisional tax payment was made by the end of December 2019 being P1 this would have been based on 50% of the full tax liability. When the P2 is made by the end of June then the payment only has to be 15% which will make the total tax payment 65% of the total provisional tax liability.

### PROVISIONAL TAX IRP6 FACSIMILE FORM

The printing of the provisional tax form will have the following changes and reflect the COVID-19 relief and the payment due. Please note that the IRP6 form will have the payment reference number on it. Please make sure that your clients get the payment reference number as we are not sure how the payment push to the bank is going to work with a reduced amount. It seems unlikely that SARS is going to change this, therefore it may be that all payments will need to be done by an eft.

Estimated taxable income		1,465,200.00
Turnover		45,000,000.00
Estimated taxable income		1,465,200.00
Tax on estimated taxable income		410,256.00
Less: Rebates		0.00
Less: Medical Credit		0.00
Tax for the full year		410,256.00
First Period: Less half of the tax payable for the full year		205,128.00
Less: Employees' tax for this period (6 months)		0.00
Less: Foreign tax credits for this period (6 months)		0.00
Tax payable for this period		205,128.00
	Add: Penalty	0.00
	Add: Interest	0.00
	<b>Total Amount Payable</b>	<b>205,128.00</b>
	CoVid19 Relief	143,589.60
	<b>Reduced Amount Payable</b>	<b>61,538.40</b>

Signature of the provisional taxpayer or representative \_\_\_\_\_ Name of the provisional taxpayer or representative taxpayer \_\_\_\_\_ Date

**Payments can be made at any SARS branch office**  
Mondays to Fridays: 08h00 - 15h30  
Closed on Saturdays, Sundays and Public holidays.  
Payments can also be made at or electronically to:   
Payment reference number  Beneficiary ID/Account number

Income tax reference number P000 period year

### MANAGING THE PROVISIONAL TAX PAYMENTS

Sky Tax has a **receipting system** in place to manage all payments to SARS. Where you know your client has paid the provisional tax simply enter it in the screen below to keep track of the outstanding balance. An example of the receipting screen is shown below for the above payment that was processed.

## ACCFIN SKY TAX COVID-19 PROVISIONAL TAX RELIEF

RECEIPTS Receipts

*Receipt Data Entry*

**Particulars of Taxpayer**

Client Code: ANGLO ANGLO AMERICAN (PTY) LTD MARK SILBERMAN  
 Id/Reg No: 454554555 Tax Number: 9158264847 SENIOR MANAGER  
 Tax Return Year: 2021 Entry No: 4

Receipt Date: 11/08/2020 Receipt Allocation:  Prov 1st  
 Prov 2nd  
 Top Up  
 Bal of Acc

Receipt Ref: 1234567  
 Receipt Amount: 61,538.40  
 Interest Allocation: .00

Remark: Payment of 15% of provisional tax in terms of COVID 19 tax relief.

Status	Amount Due	Interest	Receipts		Amt Owing	
Prov P1	SUCCESS	205,128.00	.00	61,538.40	11/08/2020	143,589.60
Prov P2			.00	.00		.00
Top Up			.00	.00		.00
			.00	61,538.40		
Tax Return			.00	.00		.00

Receipts Refunds

*Receipts List*

Date	Entry	Ref	Allocation	Interest	Receipt Amount
11/08/2020	3	1234567	Prov 1st	.00	61,538.40

The above screen will show the amount due to SARS after the first payment. At this stage there is nothing to be done until we get to the P3 or top up stage.

The P2 payment will be handled in exactly the same way.

## GENERATING A TOP UP PAYMENT

Multiple top up payments can be generated at any time by entering the income that you wish to base the payment on.

Looking ahead to Sept 2021 when the P3 or top up is due the top up screen will look like the screen below.

**ACCFIN SKY TAX COVID-19 PROVISIONAL TAX RELIEF**

SELECTION Selection Stm Of Acct

**Particulars of Taxpayer** 1st Year o  
 Client: ANGLO|ANGLO AMERICAN (PTY) LTD MARK SILB  
 Id/Reg No 454554555 DOB Y/E February Tax Number 9158264847 SENIOR M

Yr	P1 Status	P2 Status	TopUp	Tax Ret	Submit	Date	Assess	Date	Balan
2021	SUCCESS				0		0		
2020		FINALISED			0		0		
2019	FINALISED	FINALISED			0		0		
2018	QUERY	PRINTED		CREATED	0		0		
2017	CALCULATED			REQUESTED	0		0		

TOP UPS Prov P1 Prov P2 Top Up Tax Return Payments

Company Type **Normal**

**Tax Calculation** 16/04/2020

Turnover 45,000,000.00

Taxable Income 1,465,200.00

Tax on Income 410,256.00

Rebate .00

Medical Credit .00

Tax for Full Year 410,256.00

Prov Tax paid 236,666.40

Employees Tax .00

Foreign Credits .00

Tax Liability 173,589.60

Interest .00

Penalty .00

Total Due 173,589.60

Calc Status

**Provisional Payments**

	Estimated Income	Payable
1st Payment	1,465,200.00	61,538.40
2nd Payment	1,465,200.00	175,128.00
Other Payments		
11/04/2020	1,465,200.00	173,589.60

The total tax paid on P1 and P2 amounts to R236,666.40 (R61,538.40+R175,128) which is 65% of the total tax liability. The top up payment to be made must then be R173,589.60 being 35% of the remaining provisional tax liability by due date in order to avoid interest. 30 September 2021 for February company and 6 months after the year end for every other company.

On the screen below we print a remittance advice that can be used to send to clients for the top up payment.

## ACCFIN SKY TAX COVID-19 PROVISIONAL TAX RELIEF

**Particulars of Taxpayer**  
 Client: ANGLO/ANGLO AMERICAN (PTY) LTD  
 Id/Reg No: 454554555    DOB:    Y/E Fe:

Yr	P1 Status	P2 Status	TopUp	Tax Ret	S
2021	SUCCESS				
2020		FINALISED			

**TOP UPS**

Estimated Income	Payable
1st Payment: 1,465,200.00	61,538.40
2nd Payment: 1,465,200.00	175,128.00

**Other Payments**

Date	Estimated Income	Payable
11/04/2020	1,465,200.00	173,589.60

**REMITTANCE TAX ADVICE**

Reference number: 9158264847  
 Tax period: 202103  
 Amount payable: 173,589.60  
 Taxpayer: ANGLO AMERICAN (PTY) LTD

Indicate the method of payment:  Cash  Cheque  Postal order  Money order

Payments can be made at any SARS branch office  
 Mondays to Fridays: 08h00 - 15h30  
 Closed on Saturdays, Sundays and Public holidays.  
 Payments can also be made at or electronically to: ABSA, FNB, NEDBANK, STANDARD BANK

Payment reference number: 9158264847P00032021    Beneficiary ID/Account number: SARS-PROV  
Income tax reference number, P00, period, year

When making a payment always use the payment reference number. For bank payments, the beneficiary ID must be used as the account number.  
 Note: Payments that do not comply with both the above-mentioned payment reference number and the beneficiary ID will not be accepted.

**Notes:**

- Please use the payment advice when making your provisional tax payment. Where an electronic payment is made it is essential that you quote the 'Payment reference number' as shown on the payment advice. This will minimize the incorrect or non-allocation of your payment. For more information refer to the "SARS Payment Rules" on the SARS website at www.sars.gov.za.
- In terms of section 89sec of the Income Tax Act where any day specified for any payment to be made, under the provisions of this Act, falls on a Saturday, Sunday or public holiday, such payment must be made not later than the last business day falling prior to such Saturday, Sunday or public holiday.
- The payment date (that is the effective date) for additional tax payments, in terms of Paragraph 23A to the Fourth Schedule, is where the year of assessment ends on 28/29 February seven months thereafter and for financial year end dates ending on a date other than 28/29 February six

In the event that the income is more than anticipated then a further top up is required by adding an additional top-up record by increasing the income and calculating.

As many top-ups as is necessary can be generated to fit in with the taxpayer's cash flow by increasing the income as required, but interest will be charged.

### Please Note

Our system Sky Tax can request a virtually instant on demand balance of account for individuals. We are trying to get this for companies and to get the receipts for all tax types, unfortunately there is no guarantee that this will happen.